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SIPDIS

SENSITIVE

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SUBJECT: Turkish Iraqi Economic Cooperation Talks

REF: ANKARA 6170

SENSITIVE BUT UNCLASSIFIED.

1. (SBU) Following is the text of "agreed minutes" signed on November 5 at the conclusion of Turkish-Iraqi Joint Economic Committee meetings in Ankara (REFTEL). The document, which was given to us by the Turkish MFA, is encouraging in that it demonstrates that Turks and Iraqis are working together to address impediments in current trade and investment relations -- including security issues -- and to put in place a new legal and regulatory framework for the expansion of future trade and investment relations.

Highlights of areas of agreement include:

- 1) Executing outstanding OFF and bilateral protocol contracts.
- 2) Concluding a framework agreement between Turk Eximbank, the Trade Bank of Iraq.
- 3) Continuation of negotiations of a second border gate to be located at Ovakoy region.
- 4) Cooperation on road security, especially between Mosul and Baghdad.
- 5) Establishing Turkish and Iraqi railroads joint committee to address improving infrastructure.
- 6) Enhanced energy and electricity cooperation, including upgrading the Kirkuk-Ceyhan (Yumurtalik) pipeline and facilitating work by Turkish oil and gas firms in Iraq.

2. (SBU) MFA contacts told us that the two sides discussed Iraq's desire for forgiveness of debts owed to Turkey. They were, however, unable to agree on wording to be included in the agreed minute. (Septel will report Turkish views on this issue.)

3. (SBU) Begin text.

Begin Text

#### AGREED MINUTES OF THE 15TH SESSION OF TURKISH-IRAQI JOINT COMMITTEE FOR ECONOMIC AND TECHNICAL COOPERATION

The Turkish - Iraqi Joint Committee, set up in accordance with Article 9 of the Agreement on Economic and Technical Cooperation between the Government of the Republic of Turkey and the Government of the Republic of Iraq held its 15th Session in Ankara, on November 2-5, 2004.

The Turkish delegation was headed by H.E. Kursad Tuzmen, Minister of State of the Republic of Turkey, and the Iraqi delegation was headed by H.E. Thamir Ghadhban, Minister of Oil of the Republic of Iraq.

The lists of the members of the two delegations were shown in Annexes I and II respectively.

During his stay in Ankara, H.E. Thamir Ghadhban, Minister of Oil of the Republic of Iraq met with H.E. Hilmi Guler, Minister of Energy and Natural Resources, and H.E. Binali Yildirim, Minister of Transportation.

The deliberations of the Joint Committee took place in an atmosphere of mutual understanding and cooperation, reflecting the traditionally close, brotherly and cordial relations between the two countries.

After having detailed discussions and exchanging views on further expanding the existing commercial and economic relations between the two countries, both sides agreed as follows;

#### I- TRADE AND ECONOMIC COOPERATION

1. Both sides stressed the importance of further enhancing commercial relations between the two countries on the basis of the needs of their economies and agreed to exert every possible effort to increase the volume of

trade and diversify its composition.

12. Both sides agreed to rearrange the framework of bilateral trade and economic relations. To this end, both sides agreed to conclude the negotiations of Trade Agreement, Agreement on Avoidance of Double Taxation and Agreement on Reciprocal Promotion and Protection of Investments as soon as possible.

Within this context, the Turkish side handed over the Iraqi side the draft texts of the Agreement on Reciprocal Promotion and Protection of Investments and the Trade Agreement.

Both sides decided to hold the first round negotiations of the Trade Agreement in February 2005, in Ankara. The negotiations regarding the Agreement on Avoidance of Double Taxation and the Agreement on Reciprocal Promotion and Protection of Investments will commence at the earliest convenience.

13. The Turkish side expressed its support in accession process of Iraq into the WTO and agreed to provide training programs for Iraqi experts in Turkey.

14. The Turkish side submitted a list of the Turkish companies having difficulties in executing the prioritized UN Oil for Food Program (OFF) contracts and in receiving their outstanding payments within this system.

The Turkish side also conveyed a list of the contracts signed by Turkish companies before June 2004, and requested the Iraqi side to issue the L/Cs for these contracts.

The Iraqi side undertook to examine all these cases with a positive approach and to convey its response until the end of December 2004.

15. Both sides, underlining the importance of the trade fairs and exhibitions in the development of the bilateral trade and economic relations, decided to encourage their public and private sector companies in organizing trade fairs and exhibitions in Turkey and Iraq, as well as participation of their companies to the international fairs to be held in both countries.

16. Both sides agreed to organize reciprocal trade missions and delegations with the aim to effective utilization of existing free zones established in both countries.

17. Both sides noted with satisfaction the successful implementation of the Border Trade Arrangement (BTA) contracts that were reactivated after December 2, 2003. Both sides agreed to exert every possible effort for smooth implementation of the remaining contracts.

In this context, the Iraqi side agreed to advise their relevant organizations to speed up the processing of the remaining registered and funded BTA contracts, in accordance with the Article 5/d and 5/e of the Statement dated March 11, 2004.

The Turkish side, indicating the submissions of the statement of the deposits and withdrawals from BTA accounts and the payments made to Turkish companies for the goods delivered to Iraq as referred to in the said Statement, requested the Iraqi side to confirm these payments at its earliest convenience.

To this end, the Turkish side undertook to convey all the documents regarding these payments to SOMA, in the first half of November 2004.

The Iraqi side agreed to examine these documents and reply within 3 months.

The Turkish side, submitting a list of the unpaid invoices of the Turkish companies, asked the Iraqi side for an urgent issuance of the payment instructions.

#### Cooperation Between Private Sectors

18. Both sides, emphasizing the important role of the private sector enterprises in economic development of their countries, agreed to promote cooperation between the Union of Chambers of Commerce and Industry of Turkey (TOBB), the Foreign Economic Relations Board of Turkey (DEIK), the Iraqi Federation of Industries and the Iraqi Chambers of Commerce with the aim of establishing joint ventures for rehabilitation and modernization of Iraqi industries.

The Turkish side, referring to the draft agreement submitted by the Iraqi Federation of Industries to Union

of Chambers of Commerce and Industry of Turkey (TOBB) / Foreign Economic Relations Board of Turkey (DEİK), agreed to study and reply this agreement until end of the December 2004.

Both sides agreed to organize a businessmen delegation to Iraq in the first half of 2005 within the framework of the Memorandum of Understanding (MOU) on the Creation of the Bilateral Business Council between Turkey and Iraq, signed by Foreign Economic Relations Board of Turkey (DEİK) and Iraqi Businessmen Association (IBA) on May 6, 2004, in Istanbul.

#### II- BANKING

9. The Turkish side, referring to the applications made by Turkish banks, namely T.C. Ziraat Bankası and Türkiye Vakıflar Bankası, requested the Central Bank of Iraq to accelerate the procedure for opening branch offices in Iraq. The Iraqi side undertook to respond this subject within one month.

10. Both sides discussed the possibilities of concluding a Framework Agreement between Turk Eximbank, the Trade Bank of Iraq (TBI) and the Iraqi Ministry of Finance in order to provide exports credit insurance by Turk Eximbank for the L/Cs issued by the TBI with 180 days maturity.

#### III- TRANSPORTATION AND CUSTOMS

11. Both sides stressed the importance of the transportation sector in further development of bilateral trade and economic relations.

##### Road Transportation

12. The two sides agreed on continuation of the ongoing process of negotiations related to the opening of the Turkish-Iraqi second border gate to be located at Ovakoy region.

13. Both sides stressed the importance of ensuring the security of the Turkish trucks carrying goods to Iraq especially in the road section connecting Mosul to Baghdad. The Iraqi side, informing the Turkish side about the measures that have already been taken by the Iraqi authorities to ensure the security in this segment, expressed its determination to enhance it further.

14. The Turkish side requested the Iraqi side to provide the names and addresses of the registered Iraqi road transport companies.

The Iraqi side agreed to convey this list at its earliest convenience.

##### Railway transportation

15. Both sides agreed to take appropriate measures with the aim to effective utilization of the Nusaybin-Qamishly-Mosul railway for goods and passenger transportation.

To this end, both sides agreed to establish a technical committee between TCDD and IRR with following tasks;

Improvement of the infrastructure of Nusaybin-Qamishly-Mosul railway to increase its capacity to 6 trains per day,

Organization of cargo trains between Gaziantep and Baghdad,

Organization of the regular passenger trains between Istanbul and Baghdad,

Supplying the equipment and material required by the IRR for the rehabilitation of Iraqi railway network.

##### Air transportation

16. Both sides agreed to encourage their national flag carriers and private airline companies to initiate regular flight services between their countries.

#### IV- INDUSTRY

17. The Iraqi side, indicating the possibilities of cooperation between Turkish companies and Iraqi state companies for the development of the Iraqi industries, especially in the petrochemicals, metallurgy, engineering, chemicals, building, food and textiles industries, submitted a list of the projects including detailed information for consideration.

The Turkish side agreed to distribute this information to the relevant private sector companies in Turkey with the aim of encouraging their involvement in the

rehabilitation and modernization of the industrial facilities.

The Turkish side also agreed to provide short-term training programs for Iraqi engineers and technicians in Turkey and to organize seminars, meetings and workshops to this end.

18. The Iraqi side invited the Turkish companies and Turkish investors to participate in the tenders issued by the Ministry of Industry and Minerals for supplying raw materials and spare parts.

19. The Iraqi side submitted to the Turkish side a list of the industrial facilities to be rented, rehabilitated and operated by foreign investors and asked active participation of the Turkish companies to these tenders as well as to the tenders to be issued in the future.

The Turkish side expressed its readiness to distribute this information to the relevant Turkish companies and investors and agreed to encourage them to participate in these tenders on competitive basis.

#### V- ENERGY

20. Both sides agreed to develop further cooperation between the two countries in the field of energy.

21. The Turkish side expressed the desire of the Turkish companies to actively participate in the development of petroleum and natural gas fields in Iraq and to supply material and equipment for the petroleum sector in Iraq.

22. Both sides expressed their interest in the involvement of the Turkish Petroleum Corporation (TP AO) in the Gharraf Oil Field Development Project.

23. The two sides underlined the importance of Kirkuk-Yumurtalik Crude Oil Pipeline (ITP) for exporting of the Iraqi crude oil. In this framework, the Iraqi side is determined to take all necessary measures for the proper functioning and protection of this Pipeline inside the Iraqi territory.

The Turkish side expressed the readiness of BOT AS to provide the necessary technical support for the operation of the ITP.

24. The Iraqi side, upon the request of TOPRAS, underlined its readiness to consider increasing the supply of crude oil from Ceyhan Terminal in coming years.

25. The Iraqi side noted the interest of the TPIC in supplying oil products on the basis of a long-term contract to be signed with SOMO in accordance with the Iraqi further needs.

26. Both sides agreed to cooperate in the field of the oil field services.

27. The Iraqi side conveyed the list of the contracts signed by Turkish companies and Iraqi state companies related to Ministry of Oil within the framework of UN Oil for Food Program and requested the assistance of the Turkish side for the urgent execution of these contracts, which had been partially implemented.

28. The Iraqi side submitted a list of the requirements of the Iraqi Ministry of Electricity. The Turkish side asked detailed information regarding these requirements and undertook to convey all these information to the relevant companies and organizations in Turkey. The Turkish side agreed to organize a specialized trade mission in this sector to Iraq, in the first quarter of 2005.

#### VI- CONTRACTING SERVICES

29. Both sides agreed to establish a sub-committee comprising the representatives of the relevant organizations, private and government-owned companies of both countries in order to further investigate the cooperation opportunities in fields of the contracting and consultancy services.

30. The Turkish side indicated its interest in supporting project development process in Iraq by means of Turkish consulting engineering companies, and undertook to a program which summarizes the terms of conditions of support mentioned a Iraqi side not later than December 2004.

31. Both sides agreed to hold the first meeting of this committee in the first quarter of 2005.

VII - TECHNICAL COOPERATION

132. Both sides agreed to enhance the technical and scientific cooperation as vocational training between their countries in the fields of health, agriculture, irrigation, petroleum industry, information technologies, industry, scientific researches and R&D activities.

Both sides agreed to hold the 16th Session of the Turkish-Iraqi Joint Committee for Economic and Technical Cooperation in Baghdad, in 2005, on a date to be determined through the diplomatic channels.

Done and signed in Ankara on November 5, 2004, in two originals in the English language.

FOR THE GOVERNMENT OF THE REPUBLIC OF TURKEY  
Kursad TUZMEN  
Minister of State

FOR THE GOVERNMENT OF REPUBLIC OF IRAQ  
Thamir GHADHBAN  
Minister of Oil

End Text.

14. (u) Baghdad minimize considered.  
Edelman